

MONTANA LEGISLATIVE HISTORY

Chapter N/A 19 89

Bill H 181 S \_\_\_\_\_

Original bill & history ☒ c

H. Committee on Taxation

S. Committee on \_\_\_\_\_

Hearing Date(s) 1-24 ☒ c

Hearing Date(s) \_\_\_\_\_ c

3-8 ☒ c Tabled

\_\_\_\_\_ c

\_\_\_\_\_ c

\_\_\_\_\_ c

\_\_\_\_\_ c

\_\_\_\_\_ c

Date Out \_\_\_\_\_ c

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Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee \_\_\_\_\_

Report \_\_\_\_\_

INTRODUCED BY

*HOUSE BILL NO. 181*  
*Daily Carlene Menahan*

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING A MECHANISM FOR APPROPRIATING IN SUPPORT OF EDUCATION A PORTION OF COAL SEVERANCE TAX PROCEEDS AND A PORTION OF THE PERMANENT TRUST EARNINGS ALLOCATED TO THE PERMANENT TRUST; AMENDING SECTIONS 17-5-703, 17-5-704, 17-6-305, 17-6-306, AND 20-9-343, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, one-half of the proceeds of the coal severance tax is dedicated to a permanent trust for future needs; and

WHEREAS, the portion of the future coal severance tax proceeds that will be deposited in the permanent trust may, in certain circumstances, be needed to support public education at all levels.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 17-5-703, MCA, is amended to read:

"17-5-703. Coal severance tax trust funds. (1) The trust established under Article IX, section 5, of the Montana constitution shall be composed of the following funds:

(a) a coal severance tax bond fund into which the

constitutionally dedicated receipts from the coal severance tax shall be deposited;

(b) a coal severance tax permanent fund; and

(c) a coal severance tax income fund.

(2) The state treasurer shall from time to time transfer to the coal severance tax permanent fund all money in the coal severance tax bond fund except the amount amounts:

(a) necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund on the next two ensuing semiannual payment dates; and

(b) appropriated by a vote of three-fourths of the members of each house of the legislature from the remainder in the coal severance tax bond fund to:

(i) the state special revenue fund for state equalization aid to public schools;

(ii) the board of regents for the Montana university system or the units of that system or for the vocational-technical centers; or

(iii) the superintendent of public instruction for adult basic education programs."

**Section 2.** Section 17-5-704, MCA, is amended to read:

"17-5-704. Investment of funds. (1) Money in the coal severance tax bond fund, the coal severance tax permanent fund, and the coal severance tax income fund must be

1 invested in accordance with the investment standards for  
2 coal severance tax funds except as provided in subsection  
3 (2). Income and earnings from all funds must be transferred  
4 to and retained in the coal severance tax income fund until  
5 appropriated by the legislature.

6 ~~{2}--Beginning-on-July-1,--1987,--the--legislature--shall~~  
7 ~~appropriate--2%--of--the--income--and--earnings--from--all--funds--to~~  
8 ~~be--deposited--to--the--coal--severance--tax--permanent--fund--each~~  
9 ~~year.~~

10 {3}--Beginning--on--July--1,--1989 (2) (a) Except as  
11 provided in subsection (2)(b), the legislature shall  
12 appropriate 15% of the income and earnings from all funds to  
13 be deposited to the coal severance tax permanent fund each  
14 year. The funds appropriated to the coal severance tax  
15 permanent fund under this subsection may not be further  
16 appropriated except by vote of three-fourths of the members  
17 of each house of the legislature.

18 (b) The legislature may appropriate the money that  
19 would otherwise be allocated under subsection (2)(a) to:

20 (i) the state special revenue fund for state  
21 equalization aid to public schools;

22 (ii) the board of regents for the Montana university  
23 system or the units of that system or for the  
24 vocational-technical centers; or

25 (iii) the superintendent of public instruction for

1 adult basic education programs."

2 **Section 3.** Section 17-6-305, MCA, is amended to read:

3 "17-6-305. Investment of twenty-five percent of the  
4 coal tax trust fund in the Montana economy. (1) Twenty-five  
5 percent of all revenue deposited after June 30, 1983, into  
6 the permanent coal tax trust fund established in 17-6-203(5)  
7 and 15% of the amount of annual income and earnings on the  
8 Montana in-state investment fund appropriated to the coal  
9 severance tax permanent fund by pursuant to 17-5-704(2)  
10 shall be invested in the Montana economy with special  
11 emphasis on investments in new or expanding locally owned  
12 enterprises.

13 (2) In determining the probable income to be derived  
14 from investment of this revenue, the long-term benefit to  
15 the Montana economy shall be considered.

16 (3) The legislature may provide additional procedures  
17 to implement this section."

18 **Section 4.** Section 17-6-306, MCA, is amended to read:

19 "17-6-306. Montana in-state investment fund. The  
20 Montana in-state investment fund consists of:

21 (1) 25% of the revenue deposited after June 30, 1983,  
22 into the permanent coal tax trust fund established in  
23 17-6-203(6);

24 (2) the principal payments on all investments made  
25 from the Montana in-state investment fund; and

(3) ~~15% of the amount of~~ annual income and earnings on the Montana in-state investment fund appropriated to the coal severance tax permanent fund by 17-5-704(2)."

**Section 5.** Section 20-9-343, MCA, is amended to read:

"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means those moneys deposited in the state special revenue fund as required in this section plus any legislative appropriation of money from other sources for distribution to the public schools for the purpose of equalization of the foundation program.

(2) The legislative appropriation for state equalization aid shall be made in a single sum for the biennium. The superintendent of public instruction has authority to spend such appropriation, together with the earmarked revenues provided in subsection (3), as required for foundation program purposes throughout the biennium.

(3) The following shall be paid into the state special revenue fund for state equalization aid to public schools of the state:

(a) 31.8% of all money received from the collection of income taxes under chapter 30 of Title 15;

(b) 25% of all money, except as provided in 15-31-702, received from the collection of corporation license and income taxes under chapter 31 of Title 15, as provided by

15-1-501;

(c) 100% of the money allocated to state equalization from the collection of the severance tax on coal;

(d) money appropriated under 17-5-703(2)(b) and 17-5-704(2)(b);

~~(d)~~(e) 100% of the money received from the treasurer of the United States as the state's shares of oil, gas, and other mineral royalties under the federal Mineral Lands Leasing Act, as amended;

~~(e)~~(f) interest and income money described in 20-9-341 and 20-9-342;

~~(f)~~(g) income from the education trust fund account; and

~~(g)~~(h) in addition to these revenues, the surplus revenues collected by the counties for foundation program support according to 20-9-331 and 20-9-333.

(4) Any surplus revenue in the state equalization aid account in the second year of a biennium may be used to reduce the appropriation required for the next succeeding biennium."

**NEW SECTION. Section 6.** Effective date. [This act] is effective on passage and approval.

-End-

|      |                               |    |    |
|------|-------------------------------|----|----|
| 1/16 | REFERRED TO JUDICIARY         |    |    |
| 1/31 | HEARING                       |    |    |
| 1/31 | COMMITTEE REPORT--BILL PASSED |    |    |
| 2/02 | 2ND READING PASSED            | 85 | 10 |
| 2/04 | 3RD READING PASSED            | 88 | 8  |

|      |                                      |    |   |
|------|--------------------------------------|----|---|
|      | TRANSMITTED TO SENATE                |    |   |
| 2/06 | REFERRED TO JUDICIARY                |    |   |
| 3/02 | HEARING                              |    |   |
| 3/03 | COMMITTEE REPORT--BILL NOT CONCURRED |    |   |
| 3/03 | ADVERSE COMMITTEE REPORT ADOPTED     | 37 | 6 |

HB 180 INTRODUCED BY HANNAH, ET AL.  
AUTHORIZE COUNTY COMMISSIONERS TO EMPLOY  
ATTORNEY FOR CIVIL BUSINESS

|      |                               |    |   |
|------|-------------------------------|----|---|
| 1/14 | INTRODUCED                    |    |   |
| 1/16 | REFERRED TO LOCAL GOVERNMENT  |    |   |
| 1/24 | HEARING                       |    |   |
| 1/25 | COMMITTEE REPORT--BILL PASSED |    |   |
| 1/28 | 2ND READING PASSED            | 89 | 6 |
| 1/31 | 3RD READING PASSED            | 94 | 3 |

|      |                                  |    |    |
|------|----------------------------------|----|----|
|      | TRANSMITTED TO SENATE            |    |    |
| 2/02 | REFERRED TO LOCAL GOVERNMENT     |    |    |
| 2/14 | HEARING                          |    |    |
| 2/15 | COMMITTEE REPORT--BILL CONCURRED |    |    |
| 2/28 | 2ND READING CONCURRED            | 30 | 11 |
| 3/02 | 3RD READING CONCURRED            | 33 | 16 |

|      |                         |                 |          |
|------|-------------------------|-----------------|----------|
|      | RETURNED TO HOUSE       |                 |          |
| 3/04 | SIGNED BY SPEAKER       |                 |          |
| 3/04 | SIGNED BY PRESIDENT     |                 |          |
| 3/06 | TRANSMITTED TO GOVERNOR |                 |          |
| 3/10 | SIGNED BY GOVERNOR      |                 |          |
|      | CHAPTER NUMBER 58       | EFFECTIVE DATE: | 10/01/89 |

HB 181 INTRODUCED BY DAILY, ET AL.  
ESTABLISH METHOD TO APPROPRIATE COAL TAX PROCEEDS  
AND TRUST FUND EARNINGS FOR SCHOOLS

|      |                      |  |  |
|------|----------------------|--|--|
| 1/14 | INTRODUCED           |  |  |
| 1/16 | REFERRED TO TAXATION |  |  |
| 1/24 | HEARING              |  |  |
| 3/08 | TABLED IN COMMITTEE  |  |  |

HB 182 INTRODUCED BY QUILICI, ET AL.  
PROVIDE FOR DISCONTINUANCE OF CITY STREET UPON 50%  
LOT OWNER PETITION AND COUNCIL VOTE

|      |  |    |   |
|------|--|----|---|
| 1/14 | INTRODUCED                               |    |   |
| 1/16 | REFERRED TO LOCAL GOVERNMENT             |    |   |
| 1/24 | HEARING                                  |    |   |
| 1/25 | COMMITTEE REPORT--BILL PASSED AS AMENDED |    |   |
| 1/28 | 2ND READING PASSED                       | 93 | 2 |
| 1/31 | 3RD READING PASSED                       | 95 | 1 |

|      |                              |  |  |
|------|------------------------------|--|--|
|      | TRANSMITTED TO SENATE        |  |  |
| 2/02 | REFERRED TO LOCAL GOVERNMENT |  |  |
| 2/14 | HEARING                      |  |  |

## STATUS SHEET

51st. LEGISLATIVE SESSION

HOUSE TAXATION

COMMITTEE

| BILL NUMBER | ENTERED COM. DATE | DATE CON-SIDERED | OUT OF COM.    | DO PASS DATE                 | DO NOT PASS DATE | DO PASS AS AMENDED DATE | DO NOT PASS AS AMENDED DATE | BE CON-CURRED IN DATE | BE NOT CON-CURRED IN DATE | BE CON-CURRED IN AMENDED DATE | BE NOT CONCURRE IN AS AMENDED DATE |
|-------------|-------------------|------------------|----------------|------------------------------|------------------|-------------------------|-----------------------------|-----------------------|---------------------------|-------------------------------|------------------------------------|
| HB 76       | 1/6/89            | 2/14/89          | 2/28/89        | 2/28/89                      |                  |                         |                             |                       |                           |                               |                                    |
| HB 83       | 1/6/89            | 1/13/89          | 1/17/89        | 1/17/89                      |                  |                         |                             |                       |                           |                               |                                    |
| HB 90       | 1/6/89            | 1/13/89          | 1/17/89        |                              |                  | 1/17/89                 |                             |                       |                           |                               |                                    |
| HB 92       | 1/6/89            | 1/13/89          | 1/18/89        |                              |                  | 1/18/89                 |                             |                       |                           |                               |                                    |
| HB 95       | 1/9/89            | 1/17/89          | 1/18/89        |                              | 1/18/89          |                         |                             |                       |                           |                               |                                    |
| HB 111      | 1/11/89           | 1/18/89          | 2/7/89         | Recons. 3/10/89              |                  | 3/10/89                 | 3/7/89                      |                       |                           |                               |                                    |
| HB 125      | 1/12/89           | 1/20/89          | TABLED 3/10/89 | Recons. 3/28                 |                  | 3/28                    | - DO NOT PASS AS AMENDED    |                       |                           |                               | 3/20                               |
| HB 145      | 1/13/89           | 1/17/89          | 1/17/89        | 1/17/89                      |                  |                         |                             |                       |                           |                               |                                    |
| HB 161      | 1/16/89           | 1/24/89          | 2/14/89        |                              |                  |                         | 2/14/89                     |                       |                           |                               |                                    |
| HB 163      | 1/18/89           | 1/25/89          | 3/14/89        |                              |                  | 3/14/89                 |                             |                       |                           |                               |                                    |
| HB 166      | 1/18/89           | 1/30/89          | 3/1/89         | 3/1/89                       |                  |                         |                             |                       |                           |                               |                                    |
| HB 181      | 1/16/89           | 1/24/89          | 3/8/89         | TABLED                       |                  |                         |                             |                       |                           |                               |                                    |
| HB 188      | 1/16/89           | Unreconciled     |                |                              |                  |                         |                             |                       |                           |                               |                                    |
| HB 202      | 1/17/89           | 3/16/89          | TABLED 3/20    | Brought back up in the House |                  |                         |                             |                       |                           |                               |                                    |

Use a separate sheet for Senate Bills, House Bills, and Resolutions.

Pac  
bill.

## MINUTES

### MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON TAXATION

Call to Order: By Chairman Harrington, on January 24, 1989,  
at 9:00 a.m.

#### ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Dave Bohyer, Legislative Council

Announcements/Discussion: None

#### HEARING ON HOUSE BILL 181

Presentation and Opening Statement by Sponsor: Rep. Fritz Daily, District 69, Butte, stated HB 181 is a bill to take the new money that is going into the permanent Coal Tax Trust Fund and use it to fund education. Rep. Daily stated that Montana is currently in a crises situation in regard to funding the educational system. The university system is currently underfunded and as a result, faculty members are leaving and necessary programs are being eliminated. Fees have had to be increased also for some areas of study. The vocational training centers are unable to offer all of the essential programs due to lack of funding. The equipment in the vocational training centers does not meet the current technological standards. Therefore, training is inadequate for today's world. Rep. Daily asked the committee to consider the future of the children of Montana and what that future will be in regard to education and training. He stated that by using the new money going into the Coal Tax Trust Fund which amounts to \$50,000,000.00, a good educational system can be provided for the children of Montana.

#### List of Testifying Proponents and What Group They Represent:

Ken Norddvelt, Director, Department of Revenue  
Wayne Phillips, Legislative Liaison to Governor Stan

## Stephens

List of Testifying Opponents and What Group They Represent:

Bob Dozier, Northern Plains Resource Council  
Vern Vertleson, Concerned Citizen  
Kim Wilson, Montana Sierra Club  
Ann Pernesky, Montana Alliance for Progressive  
Policy  
Phil Campbell, Montana Education Association

Testimony:

Ken Nordtveltdt spoke in favor of the bill stating there is a great need to improve the funding in various areas of education. He stated taxes are collected to be spent, not placed in savings accounts and the State of Montana is currently in crises. Dr. Nordtveltdt said there is a significant source of revenue available from the Coal Tax Trust Fund. This proposal does not reduce the approximately \$400,000,000.00 already collected but diverts only the new money coming in to the fund which amounts to about \$25,000,000.00. These monies would go to education under HB 181. He stated this would be a prudent use of taxes that are currently collected and is preferable to raising taxes.

Wayne Phillips spoke in support of the bill stating the governor has proposed two options for balancing the state budget. He stated one of the options was to cap the Coal Tax Trust Fund. Therefore, the governor's office urges the committee to consider this bill as one of the vehicles for accomplishing this effort.

Bob Dozier spoke in opposition to the bill stating HB 181 is one more attempt to raid the Coal Tax Trust Fund. Mr. Dozier stated when future generations do not have the coal industry to tax, the trust fund income will be needed. With new technology, burning coal for energy will soon be phased out. By taking the money now, the investment income will be reduced which will affect many programs now in place. He urged the committee to consider whether or not this is really the solution to the problem or only a temporary measure. Mr. Dozier stated the income from coal taxes is currently declining and will continue to decline. He therefore urged that the committee reject passage of the bill.

Vern Vertleson spoke in opposition to the bill stating that coal is one of Montana's vital natural resources. Future generations have the right to benefit from this



resource. Currently, the trust fund is \$400,000,000.00 with 11% or higher interest per year which is a reliable source of income. Mr. Vertleson said Montana has had difficult problems before and they have been resolved as he believes the current problems will be resolved. He stated he did not feel it necessary to use the Coal Tax Trust Fund money to relieve the current financial problems with education funding or any other funding.

Kim Wilson spoke in opposition to the bill stating he had no doubt there is a crises in the educational funding in the state of Montana but this is not the way to address that issue. Mr. Wilson stated the people of Montana wanted this money to be put away for future generations and to offset the effect of coal development in the state. He urged rejection of the bill.

Ann Pernesky spoke in opposition to the bill stating she felt the Coal Tax Trust Fund should be kept intact as it is one of the few sources of renewable income in the state. She stated it was important to see a fiscal note with this bill and urged a DO NOT PASS.

Phil Campbell spoke in opposition to the bill stating his organization opposed the capping of the Coal Tax Trust Fund. He noted the need to fund education but stated this was not the method to accomplish that purpose. He stated the tax system needed reforming rather than capping the trust fund.

Questions From Committee Members: Rep. Cohen asked if anyone was present from the Budget Office. Chairman Ream who had taken over for Chairman Harrington who left to make a presentation to the Senate, asked if anyone was present from the Budget Office. No one was and Rep. Cohen made the motion to recess the hearing until he could see a fiscal note on the bill due to the amount of money involved.

Chairman Ream stated this is a debatable motion and asked for discussion from the committee.

Rep. Raney stated this bill is not appropriating money.

Chairman Ream asked Rep. Cohen what is the purpose in recessing to which Rep. Cohen replied he would like to have the fiscal note in order to ask intelligent questions concerning the bill.

Rep. Gilbert stated the bill does not make any appropriation of money. It merely establishes the

mechanism to use the new money coming into the Coal Tax Trust Fund for education. He stated the motion was nebulous and the hearing should proceed.

Rep. Raney asked Dave Bohyer if he saw any appropriation in the bill. Mr. Bohyer replied there was none. The bill allows by a 3/4 vote of both houses, to appropriate money to education. In sections 2 and 3, the bill allows the interest income from the funds to be appropriated to education as stated in HB 181. Rep. Raney then asked Mr. Bohyer if the bill was just a statement. Mr. Bohyer stated that upon 3/4 vote of both houses of the legislature, the corpus of the Coal Tax Trust Fund can be appropriated. Fifteen percent interest income can currently be appropriated from the trust for education.

Rep. Giacometto asked Mr. Bohyer as a matter of clarification if the bill required a fiscal note. Mr. Bohyer replied it did not because there were no appropriations.

Rep. Cohen stated a fiscal note is required on revenue bills. He said he would like to have the Budget Office prepare a fiscal note on this.

Rep. Harrington, who had returned at this point, stated he strongly opposed the motion to recess the hearing. He said the bill is a basic mechanism and that the committee is currently discussing the bill. He said it will be some time before further action is taken. Therefore, recessing would be inappropriate.

Rep. Ream stated he also opposed. He stated there are two options in this situation. The committee can request fiscal information and the hearing can be continued with the hearing being kept open.

Rep. Cohen asked for a point of clarification on keeping the hearing open to which Rep. Ream replied the chairman simply does not close the hearing. Rep. Cohen then stated if there was agreement to keeping the hearing open, he would withdraw his motion. Chairman Harrington replied the bill would be heard further in executive session so he saw no point in keeping the hearing open but the committee could decide on this point.

Rep. Ellison concurred with Chairman Harrington stating he saw no point in keeping the hearing open as did Rep. Gilbert.

The question was called for by Rep. Giacometto. The motion to RECESS THE HEARING was defeated on a roll call vote 17 to 1.

Returning to questions from the committee on HB 181, Rep. Rehberg asked Director Nortveldt what was the inflation depletion of the trust fund. Dr. Nortveldt replied at present there is a loss of \$17,000,000.00 per year. Rep. Rehberg then asked Dr. Nortveldt how long he thought the coal reserves were going to last to which Dr. Nortveldt replied most geologists have put Montana's coal reserves in terms of thousands of years to come.

Rep. Raney asked Dr. Nortveldt why the trust is eroding. Dr. Nortveldt replied that money put away loses purchasing power in the general inflationary era. The interest rates tend to reflect inflation by being higher than normal rates so we are dealing with increased spending power from higher interest rates so in some instances, the principal is being used now through high interest rates. Rep. Raney then asked if all the money was returned to the trust, would it still be eroding. Dr. Nortveldt replied certainly not. Rep. Raney then asked Dr. Nortveldt if he saw the bill as appropriating money or doing anything that could not currently be done. Dr. Nortveldt replied the bill reaffirmed how the legislature can proceed concerning the coal trust principal and adds the one feature that if the money of the corpus is appropriated, it is to go to education. It is a statutory statement for the legislature in this regard.

Rep. Giacometto asked Dr. Nortveldt if this bill would tie the hands of the governor's office and the legislature to use the money for any other purpose than education and would another bill have to be introduced into the legislature for the funds to be used for any other purpose but education. Dr. Nortveldt replied there may be circumstances where this would be true but it would be unlikely that any such attempt would be made due to the enormous needs of the education system.

Rep. Ream asked Dr. Nortveldt if he would supply a fiscal note on the amounts concerned with HB 181. Dr. Nortveldt stated he would prepare this information for the committee.

Rep. Driscoll referred to page 3, line 18 of the bill asking Rep. Daily why the bill states "the legislature may" instead of must. Rep. Daily replied that he did not write the bill and his intentions are to have a 3/4

vote to use the new money for education. He stated he would not object to an amendment in this area if the committee felt it necessary.

Rep. Patterson asked Rep. Daily, referring to page 2, line 20, where would special education and gifted and talented programs be included. Rep. Daily replied the only area he knew was not included was the community colleges but perhaps the area of special education and gifted and talented should have specific mention. Rep. Patterson then asked if an amendment would be necessary for this area. Rep. Daily replied he thought that would be appropriate.

Closing by Sponsor: Rep. Daily stated he would see that the fiscal note for the bill is provided to the committee. He said he was not carrying the bill for the governor's office. The bill was planned long before Governor Stephens election. Rep. Daily commented that he felt the Montana Education Association wanted funding increased but did not supply any proposals. He stated he felt this was an opportunity to act in regard to the need for education funding and hoped the committee would take positive action on this bill. Rep. Daily stated that the Coal Tax Trust Fund had been created for the benefit of future generations. He stated it was his position that the future is now.

#### DISPOSITION OF HOUSE BILL 181

Motion: None

Discussion: None

Amendments and Votes: None

Recommendation and Vote: None

#### HEARING ON HOUSE BILL 161

Presentation and Opening Statement by Sponsor: Rep. Mary Lou Petersen, District 1, stated HB 161 is a bill requiring that property zoned as residential but rezoned as commercial property be appraised as residential property until the property is actually devoted to an income producing purpose other than residential rental.

List of Testifying Proponents and What Group They Represent:

## DAILY ROLL CALL

TAXATION

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date January 24, 1989

| NAME                      | PRESENT | ABSENT | EXCUSED |
|---------------------------|---------|--------|---------|
| Harrington, Dan, Chairman | ✓       |        |         |
| Ream, Bob, Vice Chairman  | ✓       |        |         |
| Cohen, Ben                | ✓       |        |         |
| Driscoll, Jerry           | ✓       |        |         |
| Elliott, Jim              | ✓       |        |         |
| Koehnke, Francis          | ✓       |        |         |
| O'Keefe, Mark             | ✓       |        |         |
| Raney, Bob                | ✓       |        |         |
| Schye, Ted                | ✓       |        |         |
| Stang, Barry              | ✓       |        |         |
| Ellison, Orval            | ✓       |        |         |
| Giacometto, Leo           | ✓       |        |         |
| Gilbert, Bob              | ✓       |        |         |
| Good, Susan               | ✓       |        |         |
| Hanson, Marian            | ✓       |        |         |
| Hoffman, Robert           | ✓       |        |         |
| Patterson, John           | ✓       |        |         |
| Rehberg, Dennis           | ✓       |        |         |
|                           |         |        |         |
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|                           |         |        |         |
|                           |         |        |         |
|                           |         |        |         |
|                           |         |        |         |

## TAXATION

BILL NO. HB 181

DATE January 24, 1989

SPONSOR Fritz Daily

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

# ROLL CALL VOTE

TAXATION

COMMITTEE

DATE 1/24/89

BILL NO. 181

NUMBER \_\_\_\_\_

| NAME                      | AYE | NAY |
|---------------------------|-----|-----|
| Cohen, Ben                | ✓   |     |
| Driscoll, Jerry           |     | ✓   |
| Elliott, Jim              |     | ✓   |
| Ellison, Orval            |     | ✓   |
| Giacometto, Leo           |     | ✓   |
| Gilbert, Bob              |     | ✓   |
| Good, Susan               |     | ✓   |
| Hanson, Marian            |     | ✓   |
| Hoffman, Robert           |     | ✓   |
| Koehnke, Francis          |     | ✓   |
| O'Keefe, Mark             |     | ✓   |
| Patterson, John           |     | ✓   |
| Raney, Bob                |     | ✓   |
| Ream, Bob                 |     | ✓   |
| Rehberg, Dennis           |     | ✓   |
| Schye, Ted                |     | ✓   |
| Stang, Barry "Spook"      |     | ✓   |
| Harrington, Dan, Chairman |     | ✓   |
|                           |     |     |
|                           |     |     |
|                           |     |     |
|                           |     |     |

TALLY

*LaMark John*  
Secretary

1 17  
*Don Harrington*  
Chairman

MOTION: Rep. Cohen's motion to DISCONTINUE HEARING ON HB 181  
defeated.

Gordon Morris stated his organization could not support the bill because of the financial impact for counties.

Phil Campbell stated he had concerns with the fiscal impact of the bill. He said this would be cutting the tax base without revenue replacement.

Greg Grepher also expressed concern with the fiscal impact. Mr. Grepher said in 1985, the property tax on machinery under \$100.00 value was eliminated and on farm buildings under \$500.00 value. He said the bill could set a precedent in exempting machinery ten years and older since this could apply to other industries as well. He stated the problem is not with the intent of the bill but with the whole issue of tax reform.

Questions From Committee Members: Rep. Good asked Jerry Jack if there was a depreciation schedule on the equipment ten years and older. Mr. Jack said he was not sure but he believed it was depreciated out over a ten year period depending on the equipment. Rep. Patterson stated the depreciation schedule is only effective if there is income tax paid. He said there had been little income in agriculture in the past few years.

Rep. Stang asked Ken Morrison, Department of Revenue, who was in the audience, what tax was paid on the equipment when it is ten years old or older. Mr. Morrison replied he thought it was about 20%.

Closing by Sponsor: Rep. Patterson stated the concept of the bill is viable. He said he did have problems with the fiscal note and asked the committee to wait for his sponsor's fiscal note before taking action on the bill.

#### DISPOSITION OF HOUSE BILL 745

Motion: None.

Discussion: None.

Amendments, Discussion, and Votes: None.

Recommendation and Vote: None. Action will be taken at a later date.

#### EXECUTIVE SESSION

DISPOSITION OF HOUSE BILL 181 HEARD ON JANUARY 24:

MOTION: TO TABLE by Rep. Stang. Motion CARRIED by a 15 to 3 voice vote.